

## EFFECT OF THE EUROPEAN WAR

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in reducing this augmenting debt and the grave financial burdens which it imposed upon our commerce and resources. Problems in general finance frequently receive an illuminating aid of perception and decision by considering the position in an individual case, since a people is simply a collection of persons. If I owe money to B, I can reduce the debt (or make provision for its gradual diminution) by (1) ceasing to indulge in luxuries and (2) by exercising economy in my customary expenditure upon eating and drinking—largely effected by my scrupulous avoidance of waste. The saving in expense which I gain in these two modes forms an increasing fund for liquidation of my indebtedness; and the precise analogues in national need are the restriction of the importation of luxuries and dispensable goods, and of the necessaries of life. I may also (3) assist the redemption of my debt by working longer hours or obtaining additional employment and applying my increased > earnings to my purpose; the national analogue here being an augmentation in the production of commodities and their export, seriously frustrated, however, as I have stated, by the thoughtless depletion of our manufactories of workers for army service. Or (4) if I possess an investment, I can sell it to my creditor in diminution or final discharge of my balance. Or lastly (5) it may be worth my while to borrow from a friend, if reasonable terms can be arranged, for the same end. Thus, as it was undesirable to ship gold in large quantities on account of the special dangers at sea (to omit any other reason), and seeing that enhanced production of commodities was impracticable through the State's improvident procedure already noted, the Government possessed the following courses in dealing with the situation: (a) by reducing public waste of money (which the State, unhappily, by its own profuse and unregulated expenditure rather stimulated by example than repressed); (b) by compelling economy in the consumption of food and goods; (c) by influencing British holders of American securities to dispose of them to the

Government for application in diminution of our adverse balance; (d) by strenuous efforts to defray the military expenses chiefly out of national income whatever inconveniences might be involved; and (e) by contracting a debt abroad upon terms which were consonant with our supreme